OLENE WALKER HOUSING LOAN FUND
QUARTERLY BOARD MEETING
Utah Division of Housing and Community Development
Salt Lake City, Utah
MINUTES
Thursday, January 24, 2013

Members Present	**Representing**
Major Joe Piccolo, Chair	Local Government
Cass Butler	General Public
Gloria Froerer	Rental Housing
Craig Hackett	Real Estate
Mike Plaizier	Mortgage Lender
JoAnn Seghini	Local Government
David Wall	Mortgage Lender
Jayne Wolfe	General Public
Kristen Mortensen	Builder
Robert Snarr	State of Utah
Kelly Jorgenson	HUD
Members Excused/Absent	
Stephen Blaser	Manufactured Housing
Megan Ryan	Housing Advocacy

Staff	
Gordon Walker	HCD
Katherine Smith	HCD
Mike Glenn	HCD
Shelli Goble	HCD
Shad West	HCD
Daniel Herbert-Voss	HCD
Annette Despain	HCD
Anna Leggett	HCD
Jess Peterson	HCD
Nick Baker	HCD
Elias Wise	HCD
Shad West	HCD
Steven Fox	HCD
Kimberley Schmeling	HCD

Visitors	
Kirt Peterson	Horizon Development & Management
Marion Willey	Utah Non Profit Housing Corp.
Chris Parker	GIV Holdings
David Blake	GIV Holdings
Mike Linn	GIV Holdings
Kerry Bate	HA of the County of Salt Lake
Troy Hart	HA of the County of Salt Lake
Janice Kimball	HA of the County of Salt Lake
Amando Alvarez	AHP – Utah Assets
David Cordes	Cordes Development
Shelly Petty	FFI – Group Homes
Kathy Bray	Volunteers of America
Karen Kere	Volunteers of America
Michael Polacek	Wasatch Commons Crown, LLC
Joan Mortensen	UBAOG
Katrina Bodkin	UBAOG
Susan Stevenson	AGO

Welcome - The Olene Walker Housing Loan Fund (OWHLF) Quarterly Board Meeting was held at 350 North State Street – State Capitol Board Room #240 – Salt Lake City, Utah. The meeting was called to order at 9:30 am, by Mayor Joe Piccolo, Chair.

OTHER BUSINESS

Item #1 – Aproval of Minutes for the Quarterly Board Meeting – October 25, 2012

Jayne Wolfe motion and Cass Butler second to approve the October 25, 2012, Quarterly Board Meeting Minutes as written. The motion carried unanimously.

NEW BUSINESS

ITEM # 1 - New Projects Requesting Funds –

1. Horizon Development – Station at Pleasant View Apartments

    Project is new construction of 28 2BR, 35 3BR, and 9 4BR townhome units, of which 24 2BR, 31 3BR, and all 4BR units are affordable, in 18 four-plex two-story buildings on vacant land located in Pleasant View near the UTA FrontRunner station. Project will be the first phase of a multi-phase affordable-housing development. Project will also have clubhouse with on-site management office, community room, exercise room, computer room, bike rack, playground/basketball court, and raised vegetable-garden area. Set-asides include 7 units for victims of domestic violence (Your Community Connection), and one unit for homeless (Weber County), with 5 units also fully-accessible (Tri-County Independent Living). Zoning is presently TOD with multifamily development as a conditional use of up to 50 units per acre; developer has submitted Conditional-Use application to Pleasant View City. Developer applied to Utah Housing Corporation for a total of $10,000,000 in Federal tax credits ($1,000,000/year for 10 years), and was awarded the full amount on December 13.

    Staff's recommendation is to fund $500,000 for 30 years at 3% instead of 1.5%. Funding contingent on all other funding sources as represented in application, and construction to Energy Star/Enterprise Green Communities standards. If tax credit pricing exceeds amount listed in original application, the OWHLF loan amount to be reduced by the increased equity.

Jayne Wofle motion and Gloria Froerer second to fund $590,000 for 30 years at 3%. Funding contingent on all other funding sources as represented in application, and construction to Energy Star/Enterprise Green Communities standards. If LIHTC pricing varies, OWHLF staff shall be informed. Craig Hackett abstained. The majority carried the motion

2. Parley's Partners – Birkhill Apartments II

    Project is new construction mixed-use of 46 1BR, 9 2BR, and 10 3BR units in a five-story building, of which 34 1BR, 8 2BR, and 5 3BR will be affordable units. Project is phase II to the first phase of 137 units previously approved by the OW Board on January 27, 2011, which is nearing completion. Set-asides include five units for veterans (Veterans Admin), two units for developmentally disabled (Valley MH), and five units for homeless (The Road Home), as well as six fully-accessible units (Utah Indep Living Ctr). Zoning is transit-oriented development (TOD) with no maximum density or height limit, and site is located within the Murray City RDA boundaries. Completion of joint-use 4-1/2 level parking structure (top level) is also included; most of parking structure and amenities (clubhouse, pool, playground) were built with phase I. Project will be designed to Enterprise Green Communities Certification (EGCC) standards. Developer applied to Utah Housing Corporation for a total of $6,251,750 in Federal tax credits ($625,175/year for 10 years) and was awarded the full amount on December 13.

Staff's recommendation is to fund $250,000 for 30 years instead of 40 years at 4% instead of 1.5. Funding contingent on all other funding sources as represented in application, and construction to Energy Star/Enterprise Green Communities standards. If LIHTC pricing varies, OWHLF staff shall be informed.

Joann Seghini motion and Jayne Wolfe second to table this project until the April 2013 Quarterly Board Meeting. The motion carried unanimously.

3. Utah Non Profit HC – Gardens Apartments

Project is new construction of 52 1BR and 8 2BR units in one three-story building all for elderly 55 and older, of which 48 1BR and all 2BR units will be affordable. One market 1BR unit will serve as an on-site manager's unit. Amenities will include computer/business center, fitness center, community room, library, and laundry facilities each floor, with two bicycle racks and a raised-bed vegetable garden. Set-asides include 6 units for developmentally disabled (TURN Community Svcs), and 5 units for homeless (SLCAP), along with 8 fully-accessible units (Utah Independent Living Ctr). Zoning was mixed-use community center (MU-COMM) but at the developer's request the site has been awarded a conditional-use permit allowing multifamily mixed-use residental use by South Jordan City on May 22, 2012. Developer applied to Utah Housing Corporation for a total of $6,460,870 in Federal tax credits ($646,087/year for 10 years), and was awarded the full amount on December 13. Applied to Salt Lake County for $350,000 in HOME funds, and was awarded those funds on May 3, 2012. Has also applied to South Jordan RDA for $275,000 in RDA funds.

Staff's recommendation is to fund $900,000 for 30 years at 1.5% as requested. Funding contingent on all other funding sources as represented in application, and construction to Energy Star/Enterprise Green Communities standards. If LIHTC pricing varies, OWHLF staff shall be informed.

David Wall motion and Joann Seghini second staff's recommendation to fund $900,000 for 30 years at 1.5% as requested. Funding contingent on all other funding sources as represented in application, and construction to Energy Star/Enterprise Green Communities standards. If LIHTC pricing varies, OWHLF staff shall be informed. The motion carried unanimously.

4. HA of Ogden – Lomond View Apartments

Project is new construction of 36 1BR and 2 2BR units in four buildings (2 single-level units, 1 single-level 12-unit bldg, and 1 2-story 24-unit bldg) for elderly 55 and older. Propject will also have clubhouse and on-site management office with community room, exercise room, and training rooms, along with a bike rack and a raised-bed vegetable garden. Set-asides include 4 units for veterans (Homeless Vets Fellowship), 1 unit for victims of domestic violence (Your Community Connection), and 5 units for homeless (Catholic Community Svcs), along with 6 fully-accessible units (Tri-County Independent Living). Zoning has been changed from single family residential (R-1-6) to multiple family residential (R-3) with conditional overlay (CO) zone specifically targeted for elderly housing effective May 22, 2012. Project will be developed by HAOC's nonprofit development arm Housing Management & Development Corporation. Developer applied to Utah Housing Corporation for a total of $3,764,860 in Federal tax credits ($376,486/year for 10 years), and was awarded the full amount on December 13.

Staff's recommendation is to fund $600,000 for 30 years at 1.5% as requested. Funding contingent on all other funding sources as represented in application, and construction to Energy Star/Enterprise Green Communities standards. If LIHTC pricing varies, OWHLF staff shall be informed.

Gloria Froerer motion and David Wall second staff's recommendation to fund $600,000 for 30 years at 1.5% as requested. Funding contingent on all other funding sources as represented in application, and construction to Energy Star/Enterprise Green Communities standards. If LIHTC pricing varies, OWHLF staff shall be informed. The motion carried unanimously.

5. GIV Holdings – North Sixth Apartments

Project is combination of new construction/rehabilitation - 7 existing single-family dwellings built between 1900-1950 will be renovated into rental units (1 studio, 1 1BR, 5 2BR), while a new five-story building containing 12 studio, 90 1BR, and 6 2BR units will be constructed south of the seven single-family units. Of the total 115 units 13 studio, 69 1BR, and 4 2BR will be affordable. The new building will also contain an on-site property management office, computer room, clubhouse/community room, exercise room, and on-site storage, along with a bicycle rack and a raised-bed vegetable garden. Set-asides include 5 units for victims of domestic violence (YWCA), 7 units for maturing foster children (DWS-Lifting Youth to Future Employment), and 5 units for homeless (SL County Youth Svcs), along with 12 fully-accessible units (Utah Independent Living Ctr). Zoning is mixed-use with the site located within the Gateway Mixed-Use Zoning District (G-MU) with multifamily residential a permitted use with no density limitations. Developer applied to Utah Housing Corporation for a total of $9,966,220 in Federal tax credits ($996,622/year for 10 years), but received $9,929,430 ($992,943/year for 10 years), leaving a small shortfall of $35,314.

Staff's recommendation is to fund $1,000,000 for 30 years at 3% instead of 1.5%, increasing deferred developer fee by $35,314 to $796,417 to offset LIHTC equity shortfall. Funding contingent on all other funding sources as represented in application, and construction to Energy Star/Enterprise Green Communities standards. If LIHTC pricing varies, OWHLF staff shall be informed.

Craig Hackett motion and Joann Seghini second staff's recommendation to fund $1,000,000 for 30 years at 3% instead of 1.5%, increasing deferred developer fee by $35,314 to $796,417 to offset LIHTC equity shortfall. Funding contingent on all other funding sources as represented in application, and construction to Energy Star/Enterprise Green Communities standards. If LIHTC pricing varies, OWHLF staff shall be informed. The motion carried unanimously.

6. Housing Authority of Salt Lake County – Bud Bailey Apartments II

Project is new construction mixed-use of 18 1BR, 27 2BR, 21 3BR, and 8 4BR units in 2 buildings, of which 16 1BR, 23 2BR, 19 3BR, and all 4BR units will be affordable. Project to be built on land previously procured by HACSL in 2010, and is the second phase to the first phase of 62 units previously approved by the OWHLF Board on January 26, 2012, and has recently started construction. Set-asides include 4 units for maturing foster children (Volunteers of America-UT), and five units for homeless (The Road Home), as well as 9 fully-accessible units (Utah Independent Living Center). Zoning is presently high-density residential multifamily (R-M) with a Conditional Use Permit approved July 5, 2012. Project to have 25 project-based vouchers (5 Shelter Plus Care and 20 Section 8) with ten-year contracts; the Shelter Plus Care vouchers will be used for homeless families, while the other 20 Section 8 vouchers will be targeted towards refugees in need of services. Developer applied to Utah Housing Corporation for a total of $10,000,000 in Federal tax credits ($1,000,000/year for 10 years), and was awarded the full amount on December 13.

Staff's recommendation is to fund $265,000 for 30 years at 3% in stead of 1.5%, contingent on all other funding sources as represented in application, and construction to Energy Star/Enterprise Green Communities standards. If LIHTC pricing varies, OWHLF staff shall be informed.

Cass Butler motion and Craig Hackett second staff's recommendation to fund $265,000 for 30 years at 3% in stead of 1.5%, contingent on all other funding sources as represented in application, and construction to Energy Star/Enterprise Green Communities standards. If LIHTC pricing varies, OWHLF staff shall be informed. The motion carried unanimously.

7. AHP – Utah Assets – Victoria Woods – Sandy

Project is new construction of 88 1BR and 12 2BR units, 77 1BR and 2 2BR of which are affordable units, in several multi-unit buildings on presently-vacant land in Sandy near existing retail, office space, and residential areas. Project amenities will include an on-site manager's office, swimming pool and spa, community room, computer room, wellness room, exercise room, bicycle rack, and a raised-bed vegetable garden. Set-asides include 8 units for veterans (no provider specified), 8 units for chronically mentally ill (SLCAP), 5 units for homeless (SLCAP), and the remainder for elderly 55+, along with 13 fully-accessible units (SLCAP). Zoning is presently M-U (Mixed-Use), and the proposed multifamily rental development is a permitted use (land was rezoned in 2010 from R-1-9 (Residential Single Family]). Developer applied to Utah Housing Corporation for a total of $7,092,410 in Federal tax credits ($709,241/year for 10 years), and project was awarded the full amount on December 13.

Staff's recommendation is to fund $1,000,000 for 30 years instead of 40 years at 2% instead of 1.5%, contingent on finding additional funding to fill the potential equity funding shortfall. Funding is contingent on all other funding sources as represented in application and construction to Energy Star/Enterprise Green Communities standards. If LIHTC pricing varies, OWHLF staff shall be informed.

Michael Plaizier motion and Jayne Wolfe second Staff's recommendation is to fund $1,000,000 for 30 years instead of 40 years at 2% instead of 1.5%, contingent on finding additional funding to fill the potential equity funding shortfall. Funding is contingent on all other funding sources as represented in application and construction to Energy Star/Enterprise Green Communities standards. If LIHTC pricing varies, OWHLF staff shall be informed. Gloria Froerer voted nay, the majority carried the motion.

8. AHP – Utah Assets – Victoria Woods – Draper

Project is new construction of 42 1BR units, of which 33 are affordable, in three buildings which also includes an office/clubhouse facility on presently-vacant land in Draper near an existing office park and condominium development. Project amenities will include an on-site manager's office, community room, computer room, wellness room, exercise room, bicycle rack, and a raised-bed vegetable garden. Set-asides include 5 units for veterans (SLCAP), 5 units for chronically mentally ill (no provider specified), 2 units for homeless (SLCAP), and the remaining units for elderly 55+, along with 8 fully-accessible units (SLCAP). Zoning is presently O-R (Office-Residential) for which multifamily residential is a permitted use. Developer applied to Utah Housing Corporation for a total of $2,799,870 in Federal tax credits ($279,987/year for 10 years), and was awarded the full amount on December 13.

Staff's recommendation is to fund $715,725 for 30 years at 2% instead of 1.5%, contingent on all other funding sources as represented in application, and construction to Energy Star/Enterprise Green Communities standards. If LIHTC pricing varies, OWHLF staff shall be informed.

Joann Seghini motion and Kristen Mortensen second staff's recommendation to fund $715,725 for 30 years at 2% instead of 1.5%, contingent on all other funding sources as represented in application, and construction to Energy Star/Enterprise Green Communities standards. If LIHTC pricing varies, OWHLF staff shall be informed. The motion carried unanimously.

9. Cordes Development – Archway Village Apartments

Project is the acquisition/rehab of RD 515 elderly project originally constructed in 1985 consisting of two buildings (an 8-plex and a 12-plex) with 20 1BR units. 19 units receive rental assistance, while one unit serves as an on-site resident manager unit. One unit for homeless and two units for chronically mentally ill will be set aside for referrals from Four Corners Community Behavioral Health, and project remodeling will result in 6 fully-accessible handicap units (2 presently). CNA lists a total of $397,098 in immediate needs (within 1 yr) repairs ($19,855/unit). Developer has applied to Utah Housing Corporation for a total of $1,420,110 in Federal tax credits ($142,011/year for 10 years). Operating expenses and reserve for replacements are set by USDA-RD as part of the project's annual budget; project funding includes $100,000 in existing project reserves and assumption/refinancing of project's existing RD loan. Developer applied to Utah Housing Corporation for a total of $1,420,110 in Federal tax credits ($142,011/year for 10 years), and was awarded the full amount on December 13.

Staff's recommendation is to fund $485,490 instead of $585,490 for 30 years at 1%, deferring $100,000 of the developer fee to fill the funding gap. Funding contingent on all other funding sources as represented in application, Energy Star waiver approval, and execution and completion of $1 million RD 515 loan agreement from USDA-RD to OWHLF. If LIHTC pricing varies, OWHLF staff shall be informed.

Craig Hackett to motion and Cass Butler second to fund the full $585,490 for 30 years at 1%. Funding contingent on all other funding sources as represented in application, Energy Star waiver approval, and execution and completion of $1 million RD 515 loan agreement from USDA-RD to OWHLF. If LIHTC pricing varies, OWHLF staff shall be informed. The motion carried unanimously.

10. Utah Non Profit HC – Escalante Park Apartments I

Project is a HUD 202 project-based Section 8 property with 32 1BR units in two buildings originally constructed in 1975 as the first phase of a three-phase property consisting of 132 units total constructed in 1975-1977; phases II & III have previously received OWHLF and LIHTC funding for renovations and energy-efficiency upgrades. All 32 units presently have a five-year HAP contract in place. Project has on-site management office and will share a community/social hall area with the other two phases. Set-asides include 4 units for developmentally disabled (TURN Comm Svcs), 5 units for homeless (SLCAP), and the remaining units for elderly 55 and older, as well as 7 fully-accessible units (Utah Independent Living Ctr). CNA lists a total of $61,265 in immediate needs (within 1 yr) repairs ($1,915/unit), with the bulk of the total $571,508 in total rehab needs for long-term (up to 20 years). Developer applied to Utah Housing Corporation for a total of $3,326,640 in Federal tax credits ($332,664/year for 10 years), and was awarded a total of $3,159,130 ($315,913/year for 10 years), leaving a funding shortfall of $165,818.

Staff's recommendation is to fund $700,000 instead of $800,000 for 30 years at 4% instead of 1.5%, deferring $100,000 of developer fee to fill funding gap. Funding contingent on all other funding sources as represented in application, and construction to Energy Star/Enterprise Green Communities standards. If LIHTC pricing varies, OWHLF staff shall be informed.

Joann Seghin motion and David Wall second staff's recommendation is to fund $700,000 instead of $800,000 for 30 years at 4% instead of 1.5%, deferring $100,000 of developer fee to fill funding gap. Funding contingent on all other funding sources as represented in application, and construction to Energy Star/Enterprise Green Communities standards. If LIHTC pricing varies, OWHLF staff shall be informed. The motion carried unanimously.

11. Foundations for Independence – FFI Group Homes

Properties consist of two special-needs 9-unit group homes in West Jordan originally constructed in 1985 to serve as subsidized housing for individuals with disabilities and/or elderly. Properties are two HUD 202 facilities operating as one 18-unit project with a HUD Section 202 rental contract (HUD #101-EH-025-NP-L8). Project was originally funded with a HUD-insured but unsubsized loan obtained in May 1985 of $565,129 at 9.25%, with an unpaid balance of about $392,127 as of December 1. Owner wishes to pay off original high-interest loan and obtain additional funds to refurbish the properties and increase energy efficiency with new appliances, lighting, new HVAC, and an updated fire-sprinkler system. According to FY 2012 audit provided, project had a balance of replacement-reserve funds of $64,989 as of June 30, 2012 - however, HUD restricts usage of replacement-reserve funds, which must be approved by HUD prior to any use.

Staff's recommendation is to fund $576,877 for 30 years at 0.5% instead of 0% for loan payments to cover Division of Finance loan servicing costs. Funding contingent on waiver of Energy Star standards applicable to acquisition/rehabilitation projects.

Jane Wolfe motion and Gloria Froerer second staff's recommendation is to fund $576,877 for 30 years at 0.5% instead of 0% for loan payments to cover Division of Finance loan servicing costs. Funding contingent on waiver of Energy Star standards applicable to acquisition/rehabilitation projects. The motion carried unanimously.

ITEM #2 – Existing Projects – Request Changes

1. Ivy House – Loan Extension

This project is a three-story brick building located at 1076 East 200 South in Salt Lake City, originally constructed in 1966 as a university student dormitory/rooming house with 26 single-room-occupancy (SRO) units. In 1994 Utah Non Profit Housing submitted an application to OWHLF to purchase the building and convert it to a project-based Section 8 housing facility, with HUD Moderate Rehabilitation SRO rental assistance administered by the Housing Authority of SLC. The building was presently licensed for only 24 units, so the project was also reconfigured slightly for 24 SRO units, including an on-site manager's office in unit #11 on the first floor. The basement contains a kitchen/dining area and two storage rooms (formerly SRO units), and each residential floor has one full bath and one half bath.

Funding for this project was approved by the OWHLF board on July 29, 1994. During 1995 a loan of $517,969 in Federal HOME funding was issued as a 30-year fully-amortizing loan at an interest rate of 4%, with monthly payments of $2,472.86. The rehabilitated building was to provide permanent subsidized housing for homeless and/or chronically mentally ill individuals, who would be referred by Valley Mental Health's homeless outreach organization Storefront. Tenants would receive Section 8 rental vouchers administered by the Housing Authority of Salt Lake City, and would also receive outreach and other support services through Valley Mental Health, who would also manage the property.

The property has been monitored regularly by OWHLF staff beginning in 1996, and payments on the OWHLF loan have been timely and regular until 2009. The rents have historically been very low, even with the HASLC Section 8 rent subsidies, so the property has never had sufficient cash flow for both operating expenses and the OWHLF debt service, so operations were kept very lean. During 2008, Valley Mental Health withdrew as the project property manager, turning all management duties over to UNPHC and forcing UNPHC to provide additional financial subsidy to the project.

Due to the project's operating deficits and the need to bring the property back up to proper physical standards after 12 years of lean operations, during 2009 a request was made to OWHLF to provide a temporary loan payment deferral for two years to complete some minor rehabilitation, rebuild project reserves, and offset the operating losses. This two-year deferral was approved by OWHLF staff in a letter dated June 9, 2009 to run from June 1, 2009 through May 31, 2011, with payments to resume as of June 1, 2011. UNPHC also received a grant from American Express of $25,000 during 2010 to replace flooring, repaint, and add a computer lab in a former basement storage room.

At the August 25, 2011 OWHLF board meeting an additional deferral period was requested to enable UNPHC to determine whether the project would continue to be viable and to review their options, including partnering with other providers or selling the property. The Board approved an additional deferral from June 1, 2011 through December 31, 2012. OWHLF compliance monitoring staff last visited this property on April 24, 2012, completing a file and physical inspection with no exceptions noted at that time.

During this deferral period UNPHC decided to vacate and sell the property, so tenants were provided with appropriate notices and relocation assistance, and as of the date of their update letter (November 15, 2012), only four tenants remained to be relocated. Daniel Herbert-Voss visited this property on December 5, 2012 and verified the present status of the property – only two tenants remained to be relocated, with one moving to another apartment on that day. UNPHC is requesting that the loan deferral period be extended an additional year to December 31, 2013 and that the interest on the OWHLF loan (still accruing at the original 4% loan rate) be forgiven through the end of 2013 to allow them sufficient time to list the property and sell it.

As of December 1, 2012, the outstanding balance on the OWHLF loan according to the Division of Finance's CICS loan system was a total of $382,738.38.

Staff's recommendation is to extend the loan due date to December 31, 2013 for the entire outstanding loan amount plus accrued interest or when the property is sold, whichever occurs first, with interest continuing to accrue at 4%.

Joann Seghini motion and Jayne Wolfe second not to accept staff's recommendation but to extend loan payment out six months to 06/31/2013 while property owner reviews other options to maintain property as affordable housing. The motion carried unanimously.

2. Mt. Catherine/Vesper Hills PD Loans – Loan Extension

These two loans were issued as $30,000 two-year predevelopment loans at 3% to Community Development, Inc. on January 22, 2010 to provide funds for related predevelopment expenses for two affordable-housing projects to be located in Richfield:

Mt. Catherine Gardens Apartments: This project had been awarded a total of $7,458,910 ($745,891/yr for 10 years) in Federal LIHTC by Utah Housing Corporation during the December 2007 round for a 48-unit multifamily project, and had applied to OWHLF for funds and had been awarded a $750,000 40-year fully-amortizing loan at Applicable Federal Rate (5.2%) at the December 20, 2007 quarterly board meeting from Federal HOME funds (#HMO1020). Due to delays in obtaining proper zoning for the property, and the withdrawal of the project's tax credit investor due to the financial turmoil in the market at that time (2008-2009), the project lost its LIHTC allotment, and subsequently was withdrawn from further consideration by OWHLF staff, culminating in the cancellation of this project and the reallocation of the HOME funds.

Vesper Hills Apartments: This project had been awarded a total of $4,060,810 ($406,081/yr for 10 years) in Federal LIHTC by UHC during the December 2008 round for a 25-unit multifamily project, and had applied to OWHLF for funds and had been awarded a $485,000 40-year fully-amortizing loan at 1.5% at the January 15, 2009 quarterly board meeting from state LIH funds (#WHO1091). Since this project shared the same Richfield site previously obtained for Mt. Catherine Gardens during 2007, the zoning delays and problems, along with the financial turmoil in the equity market, also caused this project to lose its LIHTC allotment, and it also was withdrawn from further consideration by OWHLF staff, with the cancellation of this project and the reallocation of the LIH funds.

During December 2009, Fred Free of CDI applied to OWHLF for predevelopment loans of $30,000 for each of these two projects, which they were actively continuing to pursue despite the loss of LIHTC and OWHLF funding for both projects. Both of these loans were approved after careful review by OWHLF staff, and CDI was notified by letter on December 22, 2009. These loans were both closed on January 22, 2010, with the stipulation that "*the full loan amount of THIRTY THOUSAND AND NO/100 DOLLARS ($30,000.00) is due at close of construction or within 24 months of the date of the closing of this loan, whichever occurs first.*"

These loans originally came due on January 22, 2012, and an extension on repayment of these predevelopment loans for one additional year was approved by the OWHLF Board on April 26, 2012, extending the due date of the two loans to December 31, 2012. Originally CDI planned to apply for Federal LIHTC again in December 2012 from UHC for both projects, but did not submit applications for the 2013 round and has since decided to sell the land previously procured for both projects. CDI is requesting an additional one-year extension to allow sufficient time to list the properties for sale and find buyers, and will pay off the OWHLF loans with the sales proceeds.

As of December 31, 2012, the outstanding balance on the two OWHLF loans according to the Division of Finance's CICS loan system was a total of $61,340.00 - $60,000 total principal and $1,340.00 total interest ($670 each loan from April 1 to December 31).

Staff's recommendation is to extend the repayment due date for the two predevelopment loans to June 30, 2013 or when the property is sold, whichever occurs first, with interest continuing to accrue at 3%.

Jayne Wolfe motion and Joann Seghini second staff's recommendation to extend the repayment due date for the two predevelopment loans to June 30, 2013 or when the property is sold, whichever occurs first, with interest continuing to accrue at 3%. The motion carried unanimously.

. Sedona – Loan Reconfiguration

Project consists of 15 studio and 1 1BR units originally constructed in 1995 as a facility dedicated to housing homeless women. The 1BR unit was originally to be used as an on-site manager's unit, but is presently rented as well. While project continues to serve very low-income homeless women referred from agencies such as the YWCA, SLCAP, Valley Mental Health, and others, the project's operating expenses have also consistently outstripped its revenue, requiring UNPHC to provide additional subsidy to the property over the years that the property has been unable to repay, forcing UNPHC to write it off as bad debt. Using figures provided to OWHLF by UNPHC annually, total revenue for the past seven years (2005-2011) has averaged $68,322, or $4,270/unit, while operating expenses [excluding depreciation] have averaged $83,775, or $5,236/unit, resulting in an average annual loss of $-15,452, or $-966/unit. UNPHC is requesting debt relief on this project, and a request to Utah Housing Corporation to raise the current rent tiers from 18% and 35% to enhance its cash flow.

Staff's recommendation is no changes presently to this loan – project owner must apply to Utah Housing Corporation successfully to increase the AMI targeting to increase project cash flow before any modification to the OWHLF loan is considered.

David Wall motion and Jayne Wolfe second staff's recommendation to no changes presently to this loan – project owner must apply to Utah Housing Corporation successfully to increase the AMI targeting to increase project cash flow before any modification to the OWHLF loan is considered. The motion carried unanimously.

4. UBAOG – Myton Homes – Contract Extension

This project was originally approved by the OWHLF Board at the January 28, 2010 quarterly board meeting as a three-year construction loan of $750,050 at 0%. These funds would be used to construct three duplexes with a total of six three-bedroom units. The duplexes would be constructed at the Duchesne County Jail by inmates participating in the Northeastern Utah Housing Partnership, an educational organization of partners encompassing UBAOG, the Uintah Basin Applied Technology College's Building Trades Program, and the Duchesne County Jail. Upon completion, the duplexes would be transported from Duchesne to the Myton site by truck and set on permanent foundations, at which time they would be sold to qualified families at or below 80% AMI with USDA-RD providing long-term financing.

UBAOG found a distinct lack of interest in area families to purchase duplex units, as they would prefer to purchase single-family units. UBAOG requested by letter on June 2, 2011 to change the contract's scope of work from three duplex units to six single-family units, but with all other terms of the contract to remain the same. The units would still be constructed as previously approved but would be single-family manufactured housing units instead of duplex units. This was approved by OWHLF staff and amended into the existing contract #10-2064 by November 2011. Construction began on the first unit shortly thereafter, with a total of $125,000 in funds paid out in nine Requests for Funds ("RFFs") between December 2011 and September 2012.

The first unit has been completed and sold to a qualified family, with $125,000.00 drawn down for the first unit, and an additional $20,721.98 has been drawn down recently to begin construction on the second unit, so a total of $604,328.02 remains to be disbursed on the current contract, which expired on December 31, 2012. The original $125,000 drawn down for the first unit has been repaid by UBAOG to OWHLF upon sale of the first home. This project has taken much longer than originally anticipated – UBAOG has experienced long delays in getting families qualified and credit-qualified for purchase due to the presently tight credit markets. The second home is presently under construction and is anticipated to be completed in March 2013; according to UBAOG, the entire process of qualification and home construction/installation/completion takes about six months for each family/ each unit.

UBAOG is requesting an additional three-year extension for the remaining $604,328.02 of funds to be drawn on this contract for the unit presently under construction and to complete the other four units as originally intended. These funds were originally issued from program-year 2010 HOME funds upon inception, and simply extending the contract for an additional three years to December 31, 2015 could likely cause OWHLF to exceed HUD's five-year disbursement requirements for HOME funds. The loan's maturity date is presently December 23, 2014, at which time all funds are payable.

Staff's recommendation - Contract presently has $604,328.02 of undrawn funds, which expired December 31, 2012. Extend contract #10-2064 one more year to December 31, 2013 in the amount of $104,278.02 to complete construction, drawdown of up to $104,278.02 of funds, and resale of the one unit presently under construction, with all funds to be repaid to OWHLF upon resale of units or on December 31, 2014, whichever occurs first. Remaining undisbursed funds of $500,050.00 remaining in the contract will be de-obligated and returned to the general pool of HOME funds, and UBAOG will reapply for additional funds to complete the four remaining units, if desired.

Joann Seghini motion and Gloria Froerer second to extend contract #10-2064 one more year to December 31, 2013 in the amount of $104,278.02 to complete construction, drawdown of up to $104,278.02 of funds, and resale of the one unit presently under construction, with all funds to be repaid to OWHLF upon resale of units or on December 31, 2014, whichever occurs first. Remaining undisbursed funds of $500,050.00 remaining in the contract will be de-obligated and returned to the general pool of HOME funds. The motion carried unanimously.

5. VOE – Men's Trans. Home – Scope of Work Change

This project was approved for funding in the amount of $150,000 as a 30-year 0% surplus cash flow loan at the April 26, 2012 quarterly board meeting by the OWHLF Board. The property is a three-story boarding house previously known as the Camelot House, originally constructed in 1902. The building was purchased by Volunteers of America-Utah during November 2011 to be renovated into a residential facility targeted towards young men 18 to 24 years of age with a capacity of up to 14 individuals and subsidized by a HUD Continuum of Care grant. The building is located at 556 South 500 East near downtown Salt Lake City.

After the funding was approved, the HCDD contract (#12-2375) was fully executed and funding had been assigned from state match funds. OWHLF staff was working on closing the loan when on Sunday, September 16, 2012 an electrical fire that started in the attic severely damaged the third floor and destroyed the roof. While the Salt Lake City firefighters were able to extinguish the fire quickly, heavy smoke and water damage occurred throughout the structure. During the last few months, VOA's insurance adjusters have reviewed the damage to determine whether the structure could be repaired in an economically feasible manner.

OWHLF staff has been in regular contact with VOA staff, specifically Kathy Bray, chief executive officer, and Karen Keene, finance officer in regards to the status of this project since the September 2012 fire. VOA's intent is to create the transitional housing for young men 18 to 24 as originally intended; however, the insurance adjusters have determined that the severity of damage to the existing structure would require a complete gutting of the building and a scope of repairs that could possibly exceed the cost of simply demolishing the present structure and rebuilding it.

VOA would prefer to simply demolish the existing structure and construct a new men's transitional shelter, utilizing the same footprint as approved in the original conditional-use permit previously obtained from Salt Lake City, and utilizing all of the same funding sources as originally approved (OWHLF surplus cash flow loan of $150,000; HUD Continuum of Care grant of $833,556; SLCHTF HOME grant of $100,000; Energy Star utility rebates of $740; remaining funds from donations and VOA general funds) along with the insurance proceeds.

The building was purchased in November 2011 for $499,000, which will be reimbursed by the insurance proceeds. A new structure could be constructed to all present construction codes without any need for retrofitting, and in a layout more conducive to a group-home living arrangement. VOA's contracted architect is in the process of completing drawings, and the final building permit is expected to be approved in February or March 2013, with

VOA planning to begin construction in April 2013. The present HCDD contract's expiration date is June 30, 2014.

Staff'srecommendation is to proceed with the funding terms as originally agreed upon at the April 26, 2012 OWHLF quarterly board meeting, conditional upon submission and OWHLF staff approval of the following: 1) New construction budget; 2) updated construction schedule; 3) copies of completed architectural renderings/ drawings of the new building; 4) copy of the new building permit upon issuance by Salt Lake City; and 5) written approval and continued participation of all other project funding sources.

Joann Seghini motion and Kristen Mortensen to second staff's recommendation to proceed with the funding terms as originally agreed upon at the April 26, 2012 OWHLF quarterly board meeting, conditional upon submission and OWHLF staff approval of the following: 1) New construction budget; 2) updated construction schedule; 3) copies of completed architectural renderings/ drawings of the new building; 4) copy of the new building permit upon issuance by Salt Lake City; and 5) written approval and continued participation of all other project funding sources. The motion carried unanimously.

6. Wasatch Commons – Loan Extension

The outstanding $50,000 loan on this project was originally issued as a one-year 5% construction loan on November 15, 1996. At some point within the following year changes were proposed and approved to alter the loan to a 15-year deferred loan at 3%. These terms were approved by the Olene Walker Housing Loan Fund Board on August 13, 1997 for a $45,000 3% simple interest deferred for 15 years, which was later increased to a total of $50,000. Construction commenced shortly thereafter, with a total of 26 townhome units constructed on 4.5 acres as a co-housing community with shared common facilities, gardens, and grounds, completed in 1998.

Five of the units received a 1996 LIHTC allocation to participate in Utah Housing Corporation's lease-to-own CROWN [CRedits to OWN] program, and three of those units were allocated the OWHLF funds to be used for various construction expenses such as lot purchase, utilities work, and other related items. The OWHLF funds were assigned specifically to these three units, with individual subordinated promissory notes dated May 24, 1999 assigning the funds as follows: 1) $17,500 to Unit 12, $17,500 to Unit 14, and 3) $15,000 to Unit 15. The terms of these three notes deferred any payment for fifteen years from the date of issue for the IRS Forms 8609; these were signed and dated by UHC on December 31, 1998, so the OWHLF notes were to be deferred until December 31, 2013.

There has been some confusion as to exactly when the loan's maturation date was. There was an OWHLF trust deed and trust deed note present in the project file dated November 15, 1996, which specified loan terms of $50,000 at 5% with the entire amount of principal and interest to be due in one year on November 15, 1997. At the August 13, 1997 OWHLF board meeting, it appears that the loan amount was deferred for a total of 15 years and the interest rate was reduced to 3%. The three May 1999 subordinated promissory notes divided the loan into three amounts specifically tied to three of the units as previously described, and began the 15-year deferral from the date of issue of the IRS Forms 8609 by Utah Housing Corporation on December 31, 1998.

When the loan was changed from a one-year construction loan to a 15-year deferred loan, the Division of Finance used the original November 15, 1996 trust deed date to determine an original maturation date of November 15, 2011. During January 2012 upon inquiry to HCDD by University of Utah economics professor Dr. Hans Ehrbar, one of the original project creators, it was determined that the maturation date should be November 15, 2012 due to the changes that occurred in the loan terms during 1997 deferring the loan for 15 years at that time, since the funds were originally issued as a 1-year construction loan. Further file review has shown that the subordinated promissory notes have deferred the three loans until December 31, 2013, and the Division of Finance was contacted to extend the maturity dates accordingly.

A letter dated November 28, 2012 from Michael Polachek, the present Wasatch Commons CROWN, LLC homeowners' association manager, is requesting an extension of the OWHLF loans' maturity date by one additional year to December 31, 2014. The original LIHTC 15-year compliance period will end as of December 31, 2013, at which time the units will be eligible to be purchased by the present tenants. The recorded Low-

Income Housing Credit Commitment Agreement and Declaration of Restrictive Covenants (the "Covenant") allows tenants up to 180 days to notify their intent to exercise their right to purchase the units, and another 180 days to complete the purchase process, which should be completed by December 31, 2014.

As of January 1, the total amount of funds due on this loan per the Division of Finance is $74,000.00 - $50,000.00 original loan principal and deferred interest due of $24,000.00.

Staff's recommendation is to extend the maturity date of this loan to December 31, 2014 to coincide with the ending of the original LIHTC compliance period, and add a one-year period for the tenants to obtain financing to purchase the three units. Interest will continue to accrue at 3%, and all outstanding principal and interest will be due upon maturity.

David Wall motion and Jayne Wolfe second staff's recommendation to extend the maturity date of this loan to December 31, 2014 to coincide with the ending of the original LIHTC compliance period, and add a one-year period for the tenants to obtain financing to purchase the three units. Interest will continue to accrue at 3%, and all outstanding principal and interest will be due upon maturity. The motion carried unanimously.

ITEM #3 – Other Business

1. Policies and Procedures – Energy Star Policy

History of OWHLF Energy Policy
To achieve a level of residential energy efficiency better than Utah's current building and energy codes, the Olene Walker Housing Loan Fund Board adopted a program-wide ENERGY STAR policy during the October 2006 board meeting. Under that policy, each unit or batch of units are required to achieve a HERS score at approximately 15% better than the state's energy code (for projects 4 stories or under) and better than the on-line ENERGY STAR design base case (for projects higher than 4 stories).
Since the policy was adopted, the EPA has changed the criteria for projects 4 stories or under to ENERGY STAR 3.0 (revision 6.0 effective 11/1/12) which requires additional non-energy improvements and additional compliance criteria beyond the HERS score. The Utah Energy Conservation Coalition estimates that new criteria raises the cost for constructing and certifying the average multifamily residence by $2,525 and $3,100 for a single family home without creating additional energy savings and benefits to either the homeowner and/or the property.

Proposed New Policy
Under the proposed new OWLHF policy, agencies receiving OWHLF funds may choose to achieve the new ENERGY STAR 3.0 level (for projects 4 stories or under) or a corresponding HERS level (without the additional EPA requirements). In some cases, agencies will continue to meet ENERGY STAR 3.0 for their units because of requirements from other funding sources or because of utility rebates. In other cases, agencies can choose to achieve the less costly HERS Index only. In all cases involving projects at 4 stories or under, HERS scores are prepared by an independent RESNET-accredited Home Energy Rating Organization.

To achieve long-term and cost-effective energy savings and maintain affordability in housing, all OWHLF-funded projects 4 stories and under must be EPA ENERGY STAR-qualified or achieve a HERS (Home Energy Rating System) score of at least 60.

Note: Under certain circumstances, waivers to this policy may be granted for rehabilitation projects where all HERS-based recommendations with SIR > 1.0 are completed but where a structure still cannot achieve ENERGY STAR-qualification or meet the HERS threshold.

Kristen Mortensen motion and David Wall second to accept the Proposed New Policy. The motion carried unanimously.

2. Brooks & Weston Property

The borrowers have been delinquent on their loan for some time, but OWHLF has not proceeded with foreclosure because the first-position lien holder, Chase Bank, was moving forward with it. Chase has been postponing the foreclosure sale because a real estate agent is currently working with the borrowers and bank to negotiate a short sale.

The amount due on the loan is $16,015.44, and the amount due to Chase Bank is in excess of $106,000.00. The home is valued at around $95,000.00. If the Fund agrees to the short sale, Chase Bank will pay $1,750.00 toward the debt on the OWHLF loan to release the Trust Deed. If the short sale is not agreed to, Chase Bank will move forward with the foreclosure.

With the combined debt amounts on the property exceeding the market value, a write-off could be necessary, unless OWHLF could bid on the property and re-acquire it. If a short sale is accepted, OWHLF will receive $1,750.00 and the Trust Deed will have to be released so the property can be sold.

Staff's recommendation is with the combined debt amounts exceeding market value, staff recommends accept $1,750.00 Chase Bank has agreed to pay OWHLF upon closing of the short sale.

Cass Butler motion and Kristen Mortensen second staff's recommendation with the combined debt amounts exceeding market value, staff recommends accept $1,750.00 Chase Bank has agreed to pay OWHLF upon closing of the short sale. The motion carried unanimously.

The next Olene Walker Housing Loan Fund Quarterly Board Meeting: April 25, 2013.

Adjourn: Kristen Mortensen motion to adjourn the meeting at 1:40 am

Submitted by: ______________________________

Lora Rees
Program Support Specialist
Housing and Community Development
Olene Walker